

MAGELLAN MINERALS LIMITED

(THE "COMPANY")

MANDATE

OF THE

BOARD OF DIRECTORS

GENERAL

This Mandate identifies the specific responsibilities of the Board. The Board guides the operations of the Company and management, and oversees business affairs to maximize long term financial strength and shareholder value. The Board also sets and oversees policies and standards including the corporate governance principles and guidelines set forth in this Mandate which promote the integrity of the Company and its officers and employees and protect the interests of shareholders.

RESPONSIBILITIES

Leadership and Integrity

To promote leadership and integrity throughout the Company, the Board selects senior management, directors, officers and advisors who the Board believes will conduct themselves with utmost integrity and will comply with the Board's directions and policies. The Board, with the assistance of the Nominating & Corporate Governance Committee, determines the number of directors, nominates a majority of directors who are independent of management and who have appropriate skills and experience in order to create an effective Board and chooses a director who is independent of management to serve as chair of the Board. On at least an annual basis, through the appropriate committees, the Board reviews the ongoing performance of management, directors and officers and committees of the Board. In addition, the independent members of the Board meet at least annually separately from other members of the Board and management which helps to ensure that the interests of the Company and its shareholders can be considered independently of any contribution from non-independent members of the Board and management.

Strategic Planning

The Board annually, in consultation with management, prepares and approves the strategic plan for the Company and the process for implementing the plan. The Board provides direction to the Chief Executive Officer ("CEO") and other senior management to ensure the strategic plan set by the Board is followed. The Board receives reports of management on a regular basis throughout the year on the current and proposed operations of the Company and reviews the opportunities of the Company and assesses risks to which the Company is exposed so that the plan can be adjusted where required. At each Board meeting, recent developments that may impact the Company's strategic plan are reviewed and revisions to the plan and operations are made as required. The Board reviews the human and corporate resources required to achieve the goals of the strategic plan and approves the Company's annual capital and operating budgets, equity and debt financing, material contracts and material acquisitions and divestitures. All such plans and reports may be orally presented to the Board or may be in written form if so required by the Board.

Dealing with Risks

The Board, on at least an annual basis and in participation with management, reviews and identifies what it perceives to be the principal risks to the Company and reviews management's plans for monitoring and managing the risks. The Board has instructed management to assist the Board in identifying risks and to promptly alert the Board when a risk has materialized and to implement and monitor appropriate procedures and systems in accordance with normal industry practice and applicable laws. The Board also reviews the systems in place for managing the risks, including insurance coverage and to determine its adequacy. The Board may from time to time appoint committees or advisors to assist in assessing different risks.

Succession Planning

The Board, through the nominating and corporate governance committee, annually identifies the key individuals of the Company and, in consultation with management, determines how best to replace such individuals should the need arise. The Board's policy is to select individuals who have the required expertise and therefore would require a minimum of training in order to assume their role with the Company. The CEO is assigned the responsibility of ensuring the new person is informed of the Company's policies and practices and would be instructed to arrange additional training if required. The CEO has primary responsibility for supervising, reviewing and reporting to Board on the performance of other senior management. The Board also reviews on an annual basis the performance of the CEO against the performance criteria established from time to time.

Communication Policies

The Communications and Corporate Disclosure Policy governs communication with shareholders and others and reflects the Company's commitment to timely, effective and accurate corporate disclosure in accordance with all applicable laws and with a view to enhancing the Company's relationship with its shareholders.

Internal Control and Management Information Systems

The effectiveness of the Board and the success of the Company are tied to the effectiveness and integrity of the Company's internal control and management information systems. To maintain the effectiveness and integrity of the Company's financial controls, the Board, through the audit committee and the oversight of the Company's auditors, oversees the implementation and monitoring of internal control and management information systems, takes an active role in overseeing the operations of the Company and assesses information provided by management.

Corporate Governance Principles and Guidelines

The Board has appointed the Nominating & Corporate Governance Committee which is composed of a majority of independent directors and which has overall responsibility for developing the Company's approach to corporate governance. In particular, the Committee is responsible for reviewing legal requirements and trends regarding corporate governance, reviewing the Company's corporate governance policies, practice and compliance, and monitoring and assessing the functioning of the Board and committees of the Board. The Board has adopted the Company's Guidelines for Corporate Ethical Conduct which sets forth guiding principles for the operation of the Company. The Board is responsible for monitoring the Guidelines for Corporate Ethical Conduct. Waivers from the Guidelines for the benefit of the directors or executive officers of the Company may be granted only by the Board.

Expectations and Responsibilities of Directors

The Board has adopted a set of guidelines for directors which sets forth the expectations and responsibilities of directors. The guidelines prescribe, among other things, the requirements that directors demonstrate integrity and high ethical standards in the performance of their duties, observe their fiduciary duty to the Company, avoid conflict by reporting to the Board potential or actual conflict situations [and obtain approval of the Board prior to accepting a position on the Board of a company in the same industry,] regularly attend and prepare for Board and committee meetings and comply with the policies and guidelines established for the Company.

EFFECTIVE DATE

This Mandate was implemented by the Board on the 25th day of May, 2007.